

DEPARTMENT OF SOCIAL SERVICES

4 P Street, Sacramento, CA 95814



September 22, 1988

ALL COUNTY LETTER NO. 88-126

TO: ALL COUNTY WELFARE DIRECTORS
ALL GAIN COORDINATORS

SUBJECT: WORK SUPPLEMENTATION PROGRAM DEMONSTRATION PROJECT

REFERENCE: ALL COUNTY LETTER NO. 87-37, SUBJECT: GRANT
DIVERSION POLICIES

The purpose of this letter is to update Counties on grant diversion policies and to inform Counties about the Work Supplementation Program Demonstration Project to be conducted by the Department of Social Services.

Background

In late 1987, the Department of Social Services (SDSS), in cooperation with the County Welfare Directors Association (CWDA), formed a Grant Diversion Task Force comprised of State and County fiscal, administrative and program representatives and chaired by Ms. Harriet Waterbury of Santa Clara County. The job of the Task Force was to review existing SDSS grant diversion procedures, policies and regulations to develop alternatives for resolution of the many complex program issues which had been identified by the Counties and SDSS since March 1987 when the first Grant Diversion Policy Guidelines were issued in All County Letter (ACL) 87-37.

The Department wishes to take this opportunity to thank Ms. Waterbury and the Task Force members as well as the AFDC Policy Subcommittee and the GAIN Technical Subcommittee members for their input during the past months. We will continue to work with these groups as we proceed with implementation of WSP.

Work Supplementation Program Guidelines

The Task Force recommendations for a Work Supplementation Program (WSP) model have been incorporated into the attached Work Supplementation Program Guidelines. The Work Supplementation Program is the title used in the Code of Federal Regulations for employment programs in which grant diversion is used to pay wage

subsidies to employers of program participants. The attached guidelines expand and clarify the existing grant diversion policies and procedures issued in ACL 87-37. The key areas in which the new guidelines differ from existing policies are as follows:

- o Once determined eligible to participate in WSP, participants will be permitted to stay in the WSP assignment regardless of their subsequent AFDC eligibility status during WSP as long as participants satisfactorily perform in the assignment. Currently, the participant is terminated from the grant diversion assignment for noncooperation with AFDC requirements; e.g., failure to submit a CA7.
- o Monthly reporting and the annual redetermination will not be required for the category of participants who, were it not for the fact that their AFDC eligibility is frozen for WSP participation, would be AFDC ineligible. Currently, all grant diversion participants are required to meet these AFDC requirements. (Federal approval of this provision is pending with the Department of Health and Human Services.)
- o All WSP participants, regardless of prior application of the earned income disregard, receive the \$30 and 1/3 disregard for the duration of the WSP assignment. Currently, participants receive the \$30 and 1/3 or \$30, whichever is applicable, only if eligible to receive it at time of entry into the WSP assignment.

Effective January 1, 1989, all Counties implementing grant diversion will use the new WSP guidelines. Counties planning to implement grant diversion between now and January 1 are encouraged to postpone implementation until January 1 due to the administrative complexity of converting to the new WSP model within such a short time period.

Additionally, SDSS strongly recommends that implementation of grant diversion as defined in the new WSP guidelines be limited to On-the-Job Training (OJT) assignments and that the more complex grant diversion-funded programs of Transitional Employment and Supported Work not be implemented until after the end of the demonstration project period.

As indicated in All County Letter No. 88-109, the Welfare and Institutions Code has been amended by AB 1819 (Chapter 314, Statutes of 1988) to extend the allowable phase-in of GAIN from two years to three years. Therefore, all Counties that are required to implement grant diversion as specified in Manual of Policies and Procedures Section 42-720.581 will be permitted to

delay implementation of WSP until three years from the date of GAIN implementation in that County.

In order to utilize appropriate program expertise, responsibility for WSP policy development, interpretation, and maintenance of regulations will be shared by the SDSS Welfare Programs Policy Development/Policy Implementation Branches and the Employment Programs Branch. Welfare Programs Branches will be responsible for areas affecting participant AFDC eligibility and grant determination, and Employment Programs Branch will be responsible for general WSP policies and administrative matters. Fiscal Policies and Procedures Bureau will develop and maintain fiscal procedures related to wage pool administration.

At this time there are still unresolved issues regarding the treatment of Medi-Cal and child support for participants in WSP. The Department is working with the Department of Health Services and the Federal Office of Child Support Enforcement to resolve these issues, and Counties will be informed as soon as information is available.

Demonstration Project

In response to a CWDA recommendation, SDSS will conduct a statewide demonstration project of WSP. The project will last for one year beginning January 1, 1989. The objectives of the project are to:

1. Determine the workability of the WSP model; and
2. Assess the potential workload impact for eligibility workers related to the proposed WSP model.

The Department is developing a questionnaire for Counties to report on the workability of the proposed WSP model. To help in assessing the workload impact, the AFDC eligibility worker will complete supplemental time records to identify all time spent performing eligibility-related WSP activities. The Fiscal Policy and Procedures Bureau (FPPB) is currently identifying the activities which will be tracked by the eligibility worker (EW); FPPB is also developing the time record form which eligibility workers will use for this project.

The County data collection period for the project will be for six months from January 1, 1989 through June 30, 1989. During the remaining six months of the project, SDSS will evaluate the information collected and develop final regulations, notices, and forms.

While participation in the demonstration project is voluntary, it is our desire that any County which is either planning to begin WSP in 1989 or is currently operating grant diversion will participate in the effort. Input regarding the workability of the model will be used to finalize regulations and assess the WSP impact on EW workload.

As indicated above, SDSS has requested a Federal waiver of the AFDC monthly reporting requirement for certain WSP participants. Also, SDSS is preparing a proposal under which certain statutes and Manual of Policies and Procedures Sections will be waived by the Director of SDSS in accordance with provisions in Welfare and Institutions Code Section 18204 which allow demonstration projects to be conducted. The demonstration project will not begin until the Federal waiver request has been approved and the project proposal has been processed. We anticipate, however, that both the Federal and State waivers will be in place by the targeted startup date of January 1, 1989.

County Grant Diversion Plan (GDP) Requirements

In order to encourage maximum County participation in the demonstration project, the Grant Diversion Plan Guidelines issued in ACL 87-37 dated March 12, 1987 have been modified. The modified guidelines are attached to this letter and entitled "Grant Diversion Plan Instructions".

The following is a summary of GDP requirements for all Counties:

1. County is currently operating grant diversion and wants to participate in the project.

Counties that are currently operating grant diversion and wish to participate in the demonstration project have no new plan requirements unless the County finds it necessary to amend their existing GDP in order to operate under the new WSP model. Implementation of the new WSP model should begin effective January 1, 1989. Additionally, the County must notify us in writing no later than November 1, 1988 of the following:

(a) Participation intent.

(b) Proposed changes, if necessary, in the GDP or budget.

2. County has submitted a GDP and wants to participate in the project.

Counties that have already submitted their GDP for approval

to SDSS and wish to participate in the demonstration project must wait for SDSS plan approval before starting the project.

If your GDP complies with the Grant Diversion Plan Guidelines issued in ACL 87-37 and your County is approved to operate grant diversion, there are no new plan requirements unless the County finds it necessary to amend their GDP in order to operate under the new WSP model. Your allocated budget for FY 1988-89 must be amended to redirect funds into the grant diversion component unless the grant diversion component has already been included in your approved GAIN Plan and budget.

In any case, the County must notify us in writing no later than November 1, 1988 of the following:

- (a) Participation intent.
- (b) Proposed changes, if necessary, from that in your original GDP, including amendments to the budget.
- (c) Anticipated start date if different from your original plan.

3. County has not yet submitted a GDP and wants to participate in the project.

Counties that have not yet submitted a GDP and wish to participate in the demonstration project must submit a GDP to SDSS no later than November 1, 1988 using the attached modified Grant Diversion Plan Instructions for developing their GDP.

4. County intends to implement WSP in 1989 but has not yet submitted a GDP and does not want to participate in the project.

Counties that intend to implement WSP in 1989 but have not yet submitted a GDP and are not participating in the project must also use the attached modified Grant Diversion Plan Instructions as well as the new WSP Guidelines for planning and implementation of grant diversion.

To summarize, Counties currently operating grant diversion have no new plan requirements. Counties that have already submitted a GDP for approval as of the receipt of this letter also have no new plan requirements and their GDP will be reviewed for compliance with the plan guidelines issued in ACL 87-37. Counties that have not yet submitted a GDP and intend to start grant diversion in 1989 (regardless of project participation intent) must use the attached modified Grant Diversion Plan

Instructions for developing their GDP. Counties participating in the demonstration project will be given the highest priority for GDP approval. Project Counties submitting their GDP by November 1, 1988 may anticipate SDSS approval of the plan by December 1, 1988.

All costs associated with participation in the demonstration project, including the operation of grant diversion, must be funded within your existing allocation for FY 1988/89.


Fiscal Claiming Instructions

Assistance claiming instructions for the demonstration project are the same as those currently in use. Specific assistance claiming instructions and sample forms were transmitted in ACL 87-134, dated September 29, 1987. Each County has been provided with a supply of each required form.

WSP Forms and Notices

The Department is currently identifying and developing forms necessary for WSP implementation. One of the forms that has been identified is a worksheet for computing the participant's budget, determining the amounts of the diversions and residuals, etc. Camera-ready copies of forms and notices of action (NOA) messages necessary for project implementation will be available to Counties by the project start date.

If you have any questions regarding the information in this letter, please call your GAIN and Employment Services Operations analyst at (916) 324-6962.



DENNIS J. BOYLE
Deputy Director

Attachments

cc: CWDA

WORK SUPPLEMENTATION PROGRAM
DEMONSTRATION PROJECT

GRANT DIVERSION PLAN INSTRUCTIONS

I. GENERAL INSTRUCTIONS

The grant diversion plan (GDP) will provide a narrative description of the County's grant diversion system, procedures and components. No grant diversion component can be implemented until the GDP is approved by the State Department of Social Services (SDSS). Counties that wish to participate in the demonstration project must begin operating the Grant Diversion component prior to June 30, 1989.

A. Board of Supervisor's Approval

GDPs submitted separately from the GAIN County Plans must have the approval of the Board of Supervisors and are subject to public hearing requirements.

II. GRANT DIVERSION PLAN CONTENTS

A. Population to be Served

1. Identify the target population to be served.
2. Provide a caseload and cost estimate.

B. Component Description

1. Describe the proposed services and program delivery design for each Grant Diversion (GD) funded component the County intends to operate during the demonstration project. (Note: Counties are strongly advised to delay implementation of Supported Work and Transitional Employment until after the conclusion of the demonstration project.)
2. Describe the roles and responsibilities of all the agencies involved in the delivery of services. Include a description of job slot development activities.
3. Describe the types of job/training slots targeted for development.
4. Provide the wage subsidy rate for employer reimbursement. Describe your methodology for determining the wage subsidy rate and establishing the wage pool.

GRANT DIVERSION PLAN INSTRUCTIONS (continued)

C. Administrative Procedures

1. Describe the GD fiscal system that the County has established for GD. Include the roles and responsibilities of all agencies involved.
2. Describe the County's methodology for establishing the wage pool and ensuring wage pool solvency.
3. Describe the process for reimbursing employers. Include a description of the system for tracking funds paid to the employers.
4. Describe the process for payment of residual grants to participants of GD.

WORK SUPPLEMENTATION PROGRAM GUIDELINES

47-800 GENERAL WORK SUPPLEMENTATION PROGRAM ADMINISTRATION REQUIREMENTS

.1 General

- .11 Unless otherwise specified in this Division, all AFDC and GAIN regulations shall apply to the Work Supplementation Program (WSP).

HANDBOOK

.2 Program Overview

- .21 Under the WSP, Aid to Families with Dependent Children (AFDC) payments are used to subsidize wages for AFDC recipients working in jobs under certain GAIN training components. This is called grant diversion.
- .22 Training Components
 - .221 Training components which must be funded by WSP are:
 - (a) Supported Work (See Section 42-730.34.) and
 - (b) Transitional Employment. (See Section 42-730.35.)
 - .222 On-the-Job Training may be funded by WSP. (See Section 42-730.33.)
- .23 Grant diversion is the funding mechanism which allows an AFDC payment to be diverted to a wage pool for subsidizing a participant's wages during a WSP assignment. Grants may be diverted only with the participant's consent. (See Section 47-804.1, Participant Criteria.)
- .24 The County Welfare Departments are responsible for establishing and managing a wage pool. (See Section 47-802.12, County Requirements.)
- .25 Wage pools ease the cash flow and administrative burdens that would result if each participant's diverted grant had to be traced to an individual employer.
- .26 A residual payment is paid to the WSP participant when the family's net nonexempt income is less than the Maximum Aid Payment (MAP). (See Section 47-808.11, Residual Payments.)
- .27 Once the participant is determined to be WSP eligible and is placed in a WSP assignment, participation continues unless participant fails or refuses to participate in his/her assignment without good cause and efforts to resolve participation problems have failed. (See GAIN Good Cause Criteria, Section 42-782.)

END OF HANDBOOK

47-800 GENERAL WORK SUPPLEMENTATION PROGRAM
ADMINISTRATION REQUIREMENTS (Continued)

.3 Program Definitions

Terms used in the Work Supplementation Program shall be defined as follows:

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|----|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | Assignment or
Assignment Period | The time during which the participant is working to receive a subsidized wage in WSP. |
| b. | Disposable Income Payment | A payment made when the family would receive less disposable income than they would otherwise have received had they not participated in WSP. |
| c. | Diversion Period | The period of time for which a grant is diverted to a wage pool. |
| d. | Diverted Grant | All or part of an AFDC aid payment which is diverted to the wage pool to subsidize the wages of a participant. |
| e. | Eligibility Requirements | Those factors which are considered for AFDC eligibility; e.g., deprivation, eligible child, age, financial eligibility, property, cooperation, etc. |
| f. | Frozen Eligibility | A feature of WSP that allows participants to be deemed AFDC recipients when there is a change in family circumstances that normally would result in AFDC ineligibility. The individual is permitted to continue participation in WSP, but no residual payment is paid to the participant when this occurs. |
| g. | Grant Diversion | The administrative mechanism by which all or a part of the AFDC grant is diverted to the wage pool for subsidizing the participants' wages. |
| h. | Grant Diversion Month | A month in which all or part of the AFDC grant is diverted to a wage pool. |
| i. | Grant Diversion Only Case | The case of a former WSP participant which, because of retrospective budgeting, remains open for purposes of grant diversion even though the former participant is ineligible for AFDC. The case is closed for other purposes. |

47-800 GENERAL WORK SUPPLEMENTATION PROGRAM
ADMINISTRATION REQUIREMENTS (Continued)

- j. Grant Diversion Only Month
A month in which the client is no longer an AFDC recipient or WSP participant, but because of retrospective budgeting, grant diversion continues.
- k. Intermediary Service Provider (ISP)
A County-contracted public or private agency that subcontracts with employers or contractors to provide training or employment to participants. In Supported Work and Transitional Employment, the ISP is the employer of record.
- l. Nine-month Limit
The time limit for WSP participation. This limitation is measured in WSP months as defined in subsection t. below.
- m. Participant
An individual who is in a WSP assignment.
- n. Residual Payment
That portion of the AFDC grant, if any, which is paid to the participant.
- o. Subsidy
The amount of money from the wage pool paid to an employer or intermediary to reimburse all or part of the wages paid to the participant.
- p. Wage Pool
A special account created by the County in which diverted grants are placed to subsidize the wages paid to a participant.
- q. Work Incentive
The \$30 and 1/3 earned income disregard as provided in Section 44-111.23.
- r. Work Supplementation Program (WSP)
A work program in which participants receive wages which are subsidized by all or part of the AFDC grant.
- s. WSP Eligible
A participant who was AFDC eligible at the time of entering the assignment and continues to participate in the assignment.
- t. WSP Month
Any month, whole or partial, in which the participant receives subsidized wages from participation in WSP.

47-800 GENERAL WORK SUPPLEMENTATION PROGRAM
ADMINISTRATION REQUIREMENTS (Continued)

- u. WSP Period The total time of the assignment and the diversion period, including grant diversion only months.
- v. WSP Wages Wages received by a participant from the assignment.
- w. WSPPO Work Supplementation Program participant without a residual payment.
- x. WSPPR Work Supplementation Program participant with a residual payment.

47-802 WORK SUPPLEMENTATION PROGRAM
ADMINISTRATIVE REQUIREMENTS

.1 County Requirements

- .11 Counties implementing WSP shall use grant diversion as a funding mechanism for subsidized employment under WSP.

HANDBOOK

- .111 The rate of subsidy paid to an employer by the County may be a flat rate or a percentage; the subsidy is not limited to a set percentage of the wage. However, it is recommended that the subsidy rate for On-the-Job Training not exceed fifty percent of the wages.
- .112 To determine an affordable subsidy rate, the County must anticipate the characteristics of the caseload entering the grant diversion funded components, grants, and wages to be paid. The total monthly grant funds diverted, divided by the total monthly wages earned, equals the approximate affordable subsidy rate.

END OF HANDBOOK

- .12 The County shall create a wage pool for the purpose of diverting the grant or a portion of the grant to reimburse the employer or an intermediary service provider for wages paid to the participant.

HANDBOOK

- .121 The following are suggested methods for easing cash flow problems during and after startup of the program:
- (a) Admit prospectively ineligibles only; i.e., individuals whose gross wages would exceed 185% of MBSAC (after timely notice).
 - (b) Secure contract/agreement with employers to allow delay of subsidy payment to coincide with diversion month.
 - (c) Initially place participants only with those employers who are willing to accept delayed subsidy payment.
 - (d) Initially have lowered subsidy rates, with gradual increases to build up the wage pool.
 - (e) Use variable subsidy rates within a contract period (to increase wage pool when necessary).

END OF HANDBOOK

- .13 The County shall have responsibility for administering the wage pool; i.e., administration of the wage pool shall not be contracted out to third parties.

47-802 WORK SUPPLEMENTATION PROGRAM
ADMINISTRATIVE REQUIREMENTS (Continued)

- .14 All or part of the AFDC grant for a participant shall be diverted to a wage pool to offset the subsidy to the WSP wages paid to the employer.
 - .141 The MAP plus any special needs for the family less the residual paid to the family shall be the amount of the AFDC payment that is diverted to the wage pool.
 - .142 The number of months diverted shall equal the number of months a subsidy was paid to the employer.

HANDBOOK

- .143 The calendar months in which diversion occurs are not required to be the same calendar months in which the subsidy is paid to the employer.
- .144 Diversion may occur after completion of the WSP assignment.

END OF HANDBOOK

- .15 Counties shall inform all persons being considered as potential participants in WSP of the impact of WSP participation on his or her AFDC, Food Stamp and Medi-Cal benefits and child support payments.
- .16 The County shall be responsible for tracking the participants' nine-month limit of WSP participation.
 - .161 WSP assignments shall be limited to no more than nine WSP months.
 - .162 A participant may participate in more than one assignment as long as the total WSP months in the assignments do not exceed the nine WSP month limit. Each applicant or recipient shall be limited to nine WSP months in his/her lifetime.
 - .163 Months in which the participant does not receive any WSP wages during an assignment shall not count as a WSP month even if participant receives wages in the next month for that month.

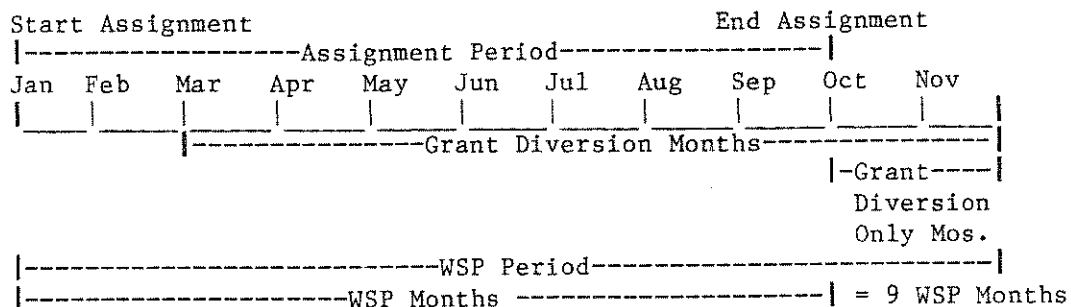
47-802 WORK SUPPLEMENTATION PROGRAM
ADMINISTRATIVE REQUIREMENTS (Continued)

HANDBOOK

.164 The following examples illustrate how the WSP months are counted.

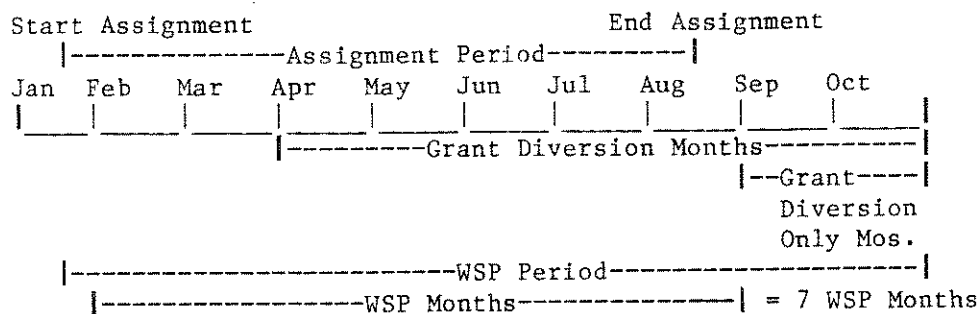
Example 1.

The case is a WSPPR throughout the assignment and is paid on the 15th and the last working day of each month. The assignment starts on 1/1/88 and ends on 9/30/88. After the assignment is completed, this individual is no longer eligible to participate in WSP at any future time.



Example 2.

The case is a WSPPR throughout the assignment and is paid on the 15th and the last working day of each month. The assignment starts on 1/25/88 but the participant does not receive the first paycheck until 2/15/88; the assignment ends on 8/15/88. After the assignment is completed, this participant has two more months of eligibility to participate in WSP.



END OF HANDBOOK

.17 The County shall provide supportive services payments to participants in accordance with Section 42-750, Supportive Services.

47-802 WORK SUPPLEMENTATION PROGRAM
ADMINISTRATIVE REQUIREMENTS (Continued)

.2 Contracts/Agreements Requirements for WSP

- .21 Contracts/agreements with employers or intermediary service providers under WSP shall be in accordance with Section 23-600 and GAIN contract requirements as specified in Section 42-740 and shall provide that:
 - .211 Participants shall be employed or retained upon successful completion of the OJT, supported work, or transitional employment period.
 - .212 The employer or service provider shall not discriminate against participants on the basis of race, sex, national origin, age, handicap, color, political affiliation, marital status, or religion.
 - .213 No interruption in the participant's receipt of income shall occur as a result of employer conduct, except as specified in Sections 42-785 and 42-786.
 - .214 The County shall take action to recover from the employer or service provider any grant or portion of a grant that was lost due to fraud, malfeasance or theft by the employer or service provider.
 - .215 The contract may be terminated under certain specified circumstances such as when the participant is unable to continue WSP participation due to extended illness, or moves to an area where continued participation is infeasible.
 - .216 The employer or intermediary service provider shall be responsible for all applicable employment taxes, all withholding taxes and all employee benefit payments.
 - .217 The total subsidy payments for a participant shall not exceed a specified dollar amount.
 - .218 Commissions earned by the participant during a WSP assignment shall not be subject to subsidy.

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- (a) A WSP assignment with compensation based on salary plus commission is subject to subsidy for only that portion which represents salary paid to the participant by the employer.
- (b) A commission-only assignment is not an appropriate WSP assignment.

END HANDBOOK

47-802 WORK SUPPLEMENTATION PROGRAM
ADMINISTRATIVE REQUIREMENTS (Continued)

- .22 An application and screening process developed by the County shall suffice to meet the competitive selection requirements of Section 42-740.2.

47-804 GENERAL WSP STANDARDS

.1 Participant Criteria

- .11 Participants shall meet GAIN registration requirements. (See Section 42-760.)
- .12 Participants shall agree to have their AFDC grants diverted to offset their WSP wages in order to participate in WSP.
- .13 Participants shall be eligible for federally funded AFDC, and shall not be in one of the groups of federally funded AFDC participants that are excluded as specified below.
 - .131 Recipients of federally funded AFDC who are excluded from participation in WSP are:
 - a. Recipients in assistance units where persons receive both State-Only assistance and federal AFDC.
 - b. A minor who does not have the caretaker relative's written permission to participate.
 - c. A person who has participated in WSP assignment(s) for the 9 month limit.
 - d. A principal wage earner in a federal unemployed case, if the WSP assignment would cause:
 - 1. The principal wage earner to work 100 hours or more (as defined in Section 41-441.1(a) and
 - 2. The family to be eligible to receive a residual payment.
 - e. Persons in the assistance unit in which another person is currently participating in an assignment.

HANDBOOK

- f. Persons in an assistance unit for which eligibility requirements have not been fully met. HANDBOOK (For example: pending Social Security Numbers) END HANDBOOK

.14 Persons who are excluded from entry into the program because they are not eligible for federally funded AFDC include, but are not limited to:

- a. Recipients of Entrant Cash Assistance and Refugee Cash Assistance. (See Section 69-206.212 for Entrant Cash Assistance/Refugee Cash Assistance requirements.)
- b. Recipients of State-Only assistance:
 - 1. Recipients of State-Only AFDC-U (See Chapter 41-600 for State-Only AFDC-U regulations.)
 - 2. Recipients receiving state payments under a court order, such as Simon v. McMahon (See Section 44-205.43 and 44-133.334), Reyna v. McMahon (See Section 41-701), Darces v. Woods, or Shaw v. McMahon (See Section 44-207.47.)

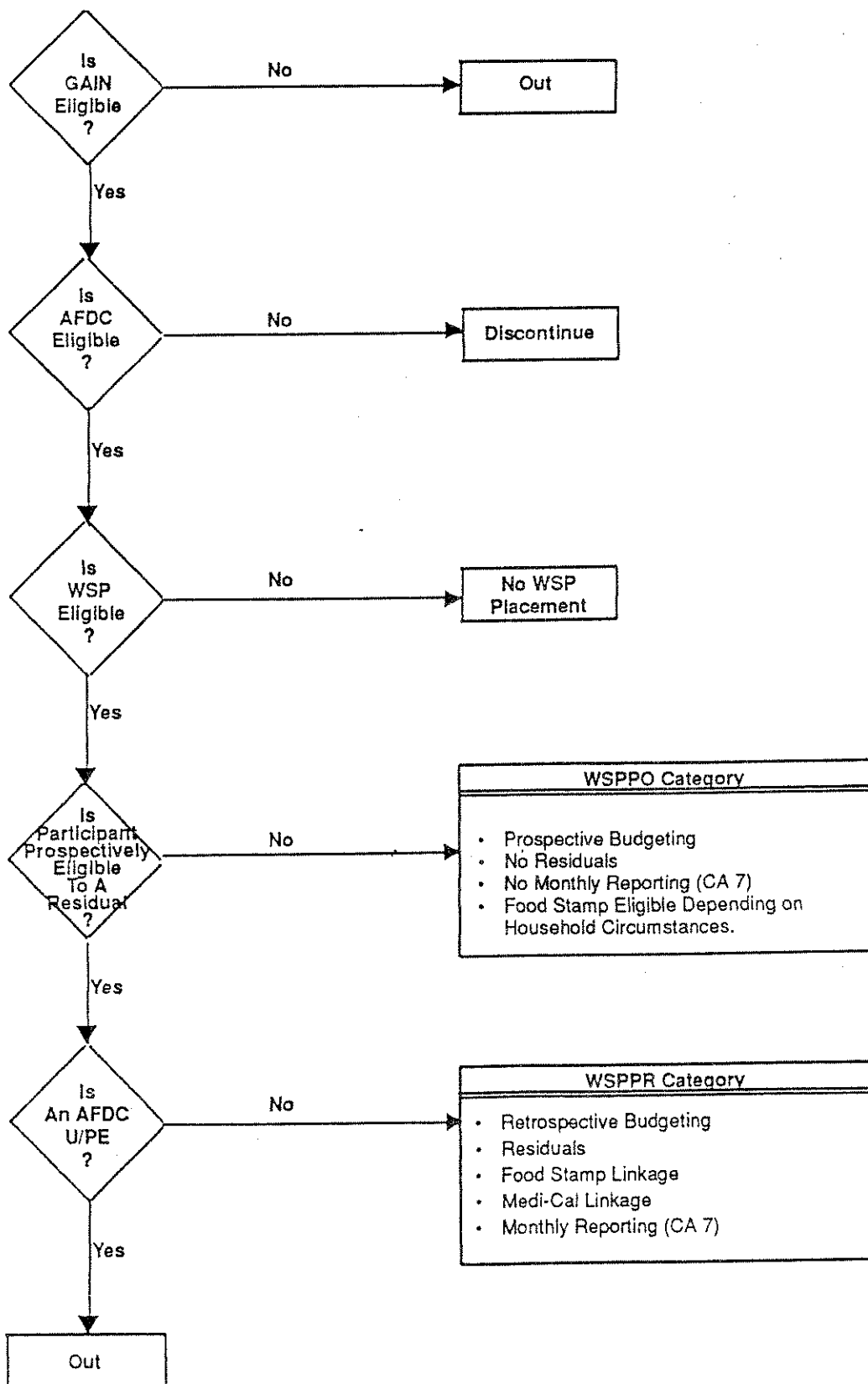
NOTE: Although this category of recipient would not be considered for placement in a WSP assignment initially, individuals who begin receiving State-Only assistance after starting a WSP assignment may continue in the assignment.

- 3. Recipients of State-Only assistance due to technical overpayments. (See Section 44-350.15.)
- 4. Recipients of State-Only assistance who are pregnant women in assistance units of one and whose pregnancy is not in the three months before the month of anticipated birth. (See Sections 44-205.6 and 44-209.42.)

5. Recipients of State-Only assistance due to having excess property under Section 44-350.14.
 - c. Recipients of general assistance payments.
 - d. Recipients of SSI/SSP. (See Section 44-206.16)
- .15 Any person excluded from participation in WSP may be considered for future participation if a change in the person's circumstances results in the person meeting the requirements of 47-804.11-.13.
- .151 EXAMPLE:
- A principal earner who receives State-Only AFDC-U is excluded from participation in January because he/she has not been out of the labor force for 30 days. In February the family becomes eligible for Federal AFDC-U and may participate in an assignment provided all other conditions are met.
- .2 GENERAL PROGRAM STANDARDS
- .21 WSP Categories
- .211 Two categories of participants are identified under WSP, those who receive a residual grant payment (WSPPRs) and those who do not receive a residual grant payment (WSPPOs). Upon entry into the program the county must determine into which category a participant falls in order to determine which requirements apply. Although some requirements apply to both categories, such as the disallowance of child care disregards, many other requirements are specific to the category of participant.
- .212 WSPPRs must meet all AFDC requirements in each month of participation, and the county treats the case the same as any other AFDC case. For example, the participant must turn in a CA 7 and the county must recompute the budget monthly to determine the amount of the grant diverted to the wage pool and the amount of the grant paid to the family in the form of a residual.

- .213 WSPPO cases meet AFDC requirements only because their eligibility is frozen at the time of entry into this category. The county determines that an eligibility factor will not be met when the individual begins participating in WSP, and the county categorizes this participant as a WSPPO. If for example, based on the anticipated WSP wages the participant will not meet the financial eligibility test, all eligibility factors (e.g., deprivation, age, income eligibility, etc.) are frozen based on pre-participation AFDC eligibility. The county diverts the entire MAP for this family to the wage pool. Budgeting and reporting are treated differently for this participant. Only eligibility factors are frozen for WSPPOs. Other requirements, unless waived, still apply. An example is a change in assistance unit composition; the county must still act upon an AU composition change when the County is notified of the change by the participant.
- .214 Participants may change categories during WSP participation as the result of a change in circumstances. Upon receipt of any information that may affect the category to which a participant has been identified, the county must do a reevaluation. For example, the participant may receive a pay raise that would result in a change to the WSPPO category. Or an additional child may be added to the AU which results in a WSPPO becoming eligible for a residual; a recategorization to a WSPPR would be necessary. Once the change in category occurs, the guidelines related to the new category apply.

WSP/AFDC ELIGIBILITY DETERMINATION FLOW CHART



3. General AFDC Eligibility Factors

.31 WSPPR Cases

- .312 All AFDC eligibility factors provided in Divisions 40, 41, 42, 43 and 44 shall be met during each month of WSPPR categorization.
- .313 Failure to meet any eligibility requirement in any month of participation in WSP would result in a change of category from WSPPR to WSPP0.

HANDBOOK

a. EXAMPLE:

A WSPPR receives a raise during the WSP assignment and becomes income ineligible. Eligibility is frozen based on the determination made prior to the raise. Because of the increase in earnings, this participant would lose eligibility for a residual and would change categories to a WSPP0.

END HANDBOOK

- .314 Noncooperation, without good cause, of the family or participant with any AFDC requirements shall result in the family becoming ineligible for a residual and recategorization to a WSPP0.

.32 WSPP0 Cases

- .321 All AFDC eligibility factors provided in Divisions 40, 41, 42, 43, and 44 must be met immediately before entering the WSPP0 category. Upon entering the WSPP0 category and in each month of participation while in the WSPP0 category, all eligibility factors will be frozen.

HANDBOOK

a. EXAMPLE:

Prior to entering a WSP assignment, the WSP participant is referred for a determination of the impact of the WSP assignment on AFDC eligibility factors. The determination is made that all eligibility factors will continue to be met with the exception of income eligibility. Anticipated income from the WSP wages would make the participant fail the income eligibility test. Therefore, this eligibility factor is met based on the income eligibility test done prior to consideration of WSP wages and this factor, as well as all other factors, are frozen during WSP participation. Because of the income ineligibility the case is categorized as a WSPP0.

END HANDBOOK

- .322 In any month of a WSP assignment when a participant who is categorized as a WSPP0 meets all requirements of Divisions 40, 41, 42, 43, 44, etc., the participant will be recategorized as a WSPPR.

HANDBOOK

a. EXAMPLE:

An AFDC-FG participant has been categorized as a WSPP0 because the income eligibility test was not met due to WSP wages. This participant becomes ill which caused a decrease in wages and the participant's income to fall below MAP. This participant would change to the WSPPR category.

END HANDBOOK

- .323 An assignment shall not be interrupted due to noncooperation of the family or participant with AFDC eligibility requirements.

47-806 ASSISTANCE UNIT COMPOSITION

- .1 Changes to the AU shall be made in accordance with Section 44-203 and 44-205.

HANDBOOK

EXAMPLE:

A WSPPO with an AU of 4 has an additional person who must be included in the AU move into his/her home in January. The WSPPO notifies the County Welfare Department of an increase in the AU to 5 in March. The County Welfare Department determines that this change does not result in a change of categories. However, the County Welfare Department acts upon this information and begins to divert a MAP of 5 to the wage pool, beginning in April, which is the next time the grant is diverted. No action is taken to change the MAP which has already been diverted in January through March.

.2 Assistance Unit of One

- .21 An AU of one shall be established, after entry into the assignment, whenever no eligible child(ren) is in the home of the participant.

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.211 EXAMPLES:

- a. The participant is no longer part of the AFDC family but continues to participate in the assignment.
- b. The only eligible child leaves the home during an assignment, and the participant continues to participate in the assignment.
- c. The only eligible child is no longer considered a child due to age, but the participant continues to participate in the assignment. (See Chapter 42-100.)

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- .22 An assistance unit of one person, which does not include an eligible child, shall be established only for the duration of the assignment.
- .23 All participants that are in an AU of one, which does not include an eligible child, shall be included in the WSPPO category.

47-808 AFDC ELIGIBILITY DETERMINATION FACTORS FOR WSPPR'S

.1 Residual Payments

- .11 A WSPPR shall be eligible to receive a residual payment when all eligibility factors are met and the family's net nonexempt income is less than MAP for that family.

.2 Monthly Reporting for WSPPR'S

- .21 Monthly reporting requirements in 40-181.22 apply to WSPPR's.
 - .211 Late submittal of the monthly report without good cause will result in the loss of \$30 and 1/3. (See Section 44-111.232(c).)
 - .212 Failure to submit a monthly report by the late submittal date specified in 40-181.22 without good cause will result in the loss of the residual payment and the recategorization of the participant to a WSPPO. The participant will continue to be categorized as a WSPPO until the participant begins to submit the CA 7 and it substantiates a return to the WSPPR category.

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EXAMPLE:

- .213 A WSPPR fails to submit the July CA 7 report by September 1. All appropriate Notices of Action are issued in August. On September 30 the participant, without good cause, submits reports for July, August and September.

- a. The report for July was not received by the late submittal date. Effective September 1, the case is converted to a WSPPO and no residual is issued for September.
- b. The report for August is received late, but by the late submittal date, therefore, the budget for October is computed without granting the participant the \$30 and 1/3. The result is that no residual is justified. Therefore, the participant remains a WSPPO in October.
- c. The report for September is received early. The November budget is prospectively budgeted using the September CA 7 as an estimate for the November budget as no other information is available. The \$30 and 1/3 is provided. A residual is justified for November. The participant is recategorized as a WSPPR effective November 1.

.3 Restoration of Residual

- .31 Residual payments shall be restored when the family reports that their net nonexempt income is less than MAP and the loss of the residual was not due to the application of the provisions of Section 47-808.211-.212.

.4 Budgeting for WSPPR's

- .41 When a case changes from a WSPPO to a WSPPR, prospective budgeting shall be used in the first two months that the family is eligible for a residual payment.
- .42 Except as provided in .41, the aid payment for the family who receives a residual payment shall be computed using the retrospective budgeting method in Section 44-313.

47-812 AFDC ELIGIBILITY DETERMINATION FACTORS FOR WSPPO'S

- .1 An assistance unit shall not be eligible for a residual payment when the participant is categorized as a WSPPO.
- .2 Monthly Reporting and Annual Redeterminations for WSPPO's
 - .21 With the exception of Section 47-812.213, WSPPO cases shall not be required to provide a monthly report or complete an annual redetermination during the assignment.
 - .211 A redetermination shall be completed:
 - a. Immediately following the assignment during which a redetermination became due and was not completed because of the assignment; and
 - b. When the factors which resulted in the categorization of WSPPO change making the recipient eligible to AFDC and the participant requests to remain on aid.
 - .212 WSPPO cases shall be responsible for reporting to the county any AU composition or income changes.

HANDBOOK

EXAMPLES:

- a. Two absent children return to the family of a WSP participant. The increase in the needs of the family may result in the family being eligible for a residual payment. The family telephones the eligibility worker to report the family change so that the worker is able to determine if the case should be changed to a WSPPR and begin to receive a residual.

- b. A WSP participant is hurt on the job and has a physician's statement which does not allow the participant to return to work for 3 weeks. The family telephones the eligibility worker so that a determination can be made as to the family's WSP category and residual eligibility.

END OF HANDBOOK

- .213 The participant shall submit a monthly report if the county determines a category change to WSPPR may be appropriate based upon the participant's change of circumstances.

.3 Budgeting WSPPO'S

- .31 In order to make the determination that the case is a WSPPO, the case shall be prospectively budgeted.
 - .311 The budget computation and MAP determination for the participant shall remain in effect for all months of WSP participation unless the CWD is notified of any changes.
- .32 The entire MAP shall be diverted to the wage pool.
 - .321 The MAP is determined by the number of persons in a WSPPO AU. (See Section 47-806.)

47-814 ELIGIBILITY DETERMINATION - INCOME EXCEPTIONS FOR WSP

- .1 Payments to participants shall be treated in the following manner when determining income:
 - .11 WSP wages shall be defined as earned income.
 - .12 Payments for actual supportive services expenses shall be exempt from consideration as income.
 - .13 Disposable Income Payments shall be exempt from consideration as income.

.2 Income Disregard Exceptions

- .21 The \$75 Standard Work Expense Disregard shall not be applied.
- .22 Dependent Care Disregard
 - .221 The Child Care Disregard shall not be applied.
 - .222 The Dependent Care Disregard for an incapacitated individual shall be applied whenever appropriate in accordance with Section 44-113.215.
- .23 \$30 and 1/3 Disregard
 - .231 All participants shall have \$30 of their earned WSP wages plus 1/3 of the remaining WSP wages disregarded during the assignment subject to limits in 44-113.2, except:
 - a. The four consecutive month time limit in Section 44-111.232(b) does not apply.
 - b. The eight consecutive month time limit in Section 44-111.241 does not apply.
 - .232 When an individual is no longer in a WSP assignment and continues on aid, the disregards applied to the WSP wages shall count towards the time limits as required in Section 44-113.232(b) for the \$30 and 1/3 disregard and 44-111.241 for the \$30 disregard computations.

HANDBOOK

a. EXAMPLE:

Participant worked 6 months in a WSP assignment and continues on aid. There is no 1/3 available because the participant exhausted the usage of this disregard during the WSP assignment. The participant is entitled to 6 months of the \$30 disregard only.

.24 Computing the Net NonExempt Income of WSP Family

Information obtained from the net nonexempt income computation will be entered on the WSP worksheet to assist in determining the amount of money to be diverted into the wage pool, and the amount of residual to be paid to the participant.

EXAMPLE:

An assistance unit consists of a mother, two preschool children and two teenage sons, ages 15 and 16. The 16 year old is not in school but is employed part-time. The 15 year old son receives Social Security Income of \$50 per month.

The mother is a participant placed in an assignment for which she earns \$900 gross income per month. Child care expenses are \$250 for each of the two preschool children. No child care expenses exist for the 15 or 16 year old. The child care expenses for the two preschool children are paid by supportive services payments as are the transportation costs to and from the WSP assignment for the mother.

The mother is eligible to \$30 and 1/3 disregard to be applied to her WSP wages. The 16 year old teenage son has previously received 4 months of 1/3 and 6 months of \$30.

The net nonexempt income for the month is computed as follows:

STEP 1: Compute the net income for each recipient.

(a)	For the mother:
\$900	Gross WSP Wages
-0-	Standard Work Expense
	Disregard (transportation supportive services received)
-0-	Child Care Disregard (child care expense paid by supportive services)
- 30	Disregard
\$870	Subtotal
257	1/3 of Remainder
\$632	NET INCOME FOR MOTHER

(b)	For the 16 year old son:
\$300	Gross Earnings
- 75	Standard Work Expense
	Disregard
-0-	Child Care Expenses
- 30	Disregard
\$195	NET INCOME FOR SON

(c)	For the 15 year old son:
\$ 50	Social Security Income

STEP 2: Combine net incomes for each recipient.

(a)	\$632	FOR THE MOTHER
(b)	\$195	FOR THE 16 YEAR OLD SON
(c)	\$ 50	FOR THE 15 YEAR OLD SON
	\$877	NET NONEXEMPT INCOME FOR THE ASSISTANCE UNIT

STEP 3: Enter computed amounts on the appropriate lines of WSP worksheet.

END HANDBOOK

47-816 WSP NOTICES

.1 WSP Admission and Continuing

.11 Notices of Action

.111 Counties shall provide a Notice of Action to participants at the time of entry into a WSP assignment and at each occurrence of a change. The Notice of Action shall include:

- a. The time period for the assignment, and
- b. The fact that the grant is being diverted, and
- c. The amount of residual (AFDC payment) or Disposable Income Payment that the participant will receive, and
- d. The participant's reporting responsibilities.

.112 In a WSP assignment, Notices of Action shall be sent when aid is approved, discontinued, changed, or denied. (See Section 22-000.)

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a. EXAMPLE:

A notice of action would be sent when a WSPPO changes to a WSPPR and became eligible to a residual payment.

b. EXAMPLE:

A notice of action would be sent when the assignment ends and the WSPPO is discontinued from aid.

END HANDBOOK

47-818 PAYMENTS AND PAYEES

.1 Disposable Income Payments

- .11 Families shall be eligible for a Disposable Income Payment whenever the disposable income available in the month is less than the MAP the participant would have received if the participant had not participated in WSP, and if any income the participant's family receives is treated as any AFDC family which is not in WSP (see Section 44-133).

HANDBOOK

EXAMPLES:

- .111 A WSPPR's wages decrease beginning in January due to a permanent reduction in hours. Due to the time lag inherent in the retrospective budgeting system, the revised residual will not be issued until the March payment month. Therefore, a DIP must be issued for January and February for the difference between the original residual and the revised residual.
- .112 A WSPPO principal earner is working a 160 hours and his/her WSP wages exceed MAP. In March, the participant is ill one week and works 120 hours. The loss of income results in the participant's wages dropping below MAP for March. The participant would be eligible for a DIP for March. This participant continues to be categorized as a WSPPO.

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- .12 The county will act on any substantiated information received to provide a DIP for any month of WSP participation in which a DIP is justified.
- .13 Families shall not be eligible for a Disposable Income Payment as the result of:
- .131 The loss of \$30 and 1/3 resulting from the penalty of late reporting.
- .132 An overpayment recoupment applied to the residual.

.2 Payees

- .21 The provisions specified in Section 44-305 shall apply in determining the payee of the residual payment.

.3 Monthly Payment Assurance

- .31 When the family is otherwise eligible for AFDC, the county shall ensure the participant does not experience a break in receipt of income, either as an AFDC payment, residual payment or wage subsidized by the diverted grant during transition into or out of an assignment.

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EXAMPLES:

- .311 The participant does not receive subsidized wages because of employer fraud, or
- .312 The participant has good cause for failing to participate in an assignment, or
- .313 The assignment ends.

END HANDBOOK

- .32 Each month in which the participant meets all eligibility and reporting requirements, the participant shall not receive less than MAP as a combination of income and assistance payments.
- .33 In order to avoid incurring a break in the receipt of income by the participant, the county will need to take into consideration the wage payment date and the AFDC or residual payment date when placing the participant into a WSP assignment.

47-820 INTERCOUNTY TRANSFERS

- .1 When the family moves to another county, the county which placed the participant in the WSP assignment shall be the county responsible for that case until the assignment ends or is terminated.

- .11 The county which placed the participant in the WSP assignment shall notify the new county that the intercounty transfer will be postponed until the completion of the assignment.
- .12 The new county shall not accept the participant as an AFDC recipient until the WSP assignment ends in the former county.
- .2 When the WSP assignment ends, the county which is transferring the case shall immediately initiate the intercounty transfer, notify the new county, document information regarding the WSP assignment, and apply the intercounty transfer rules as specified in Section 40-187.

47-822 INCORRECT PAYMENTS

- 1. An overpayment exists when:
 - .11 Once in the WSP assignment,
 - .111 The residual payment is incorrect because the participant failed to report correctly, including fraudulent failure to report, or
 - .112 The residual payment is miscalculated.
 - .12 An overpayment occurred prior to entry into the WSP assignment.
- .2 An overpayment does not occur when an AFDC payment is diverted to the wage pool and the WSP assignment continues because of a frozen eligibility requirement.
- .3 Counties shall not demand repayment or otherwise seek recovery of an overpayment that occurred prior to entry into WSP or during a WSP assignment from a WSPPO case until the assignment ends or the participant is recategorized as a WSPPR.

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EXAMPLE:

- .31 A family has an outstanding overpayment which is being adjusted from the grant before the WSP assignment and does not change categories. The family is categorized as a WSPPO case. The county cannot demand or collect the overpayment during the assignment.

END HANDBOOK

- .32 A family is placed in a WSP assignment as a WSPPR case receiving a residual. Two months into the assignment it is discovered that the family was overpaid the amounts of the residuals. The family is recategorized to WSPPO. The county cannot demand or collect the overpayment during the time the participant remains categorized as a WSPPO.
- .4 Counties shall grant adjust overpayments from residuals in WSPPR cases as specified in Section 44-351.